

MINNESOTA • REVENUE

MINNEAPOLIS GENERAL AND SELECTIVE SALES TAXES Expiration Date

February 14, 2012

Department of Revenue
Analysis of H.F. 2235 (Davids)

	Yes	No
DOR Administrative Costs/Savings		X

Under 1986 legislation and effective February 1, 1987, the city of Minneapolis has imposed a city-wide general sales and use tax, a city-wide lodging tax, and bar and restaurant taxes in the downtown taxing area. The current rates are:

General sales and use tax	0.5%
Lodging tax (over 50 rooms)	2.625% ¹
Downtown restaurant tax	3%
Downtown on-sale liquor tax	3%

¹ The cumulative Minneapolis tax rate on lodging at establishments with over 50 rooms is capped at 13%. The originally authorized rate of 3% was reduced to 2.625% on July 1, 2009, when the state sales tax rate increased from 6.5% to 6.875% because of passage of a constitutional amendment at the 2008 general election.

These taxes do not have an expiration date under current law. Revenues from the taxes are dedicated to operate, maintain, improve, and expand the Minneapolis convention center and related facilities and to pay for bonds issued to finance construction of the convention center.

The bill specifies an expiration date of December 31, 2020, for the four taxes.

The bill would have no impact on any state fund.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

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